STATE OF CALIFORNIA
Franchise Tax Board

taxnews

Tax News

May 2021

Table of Contents

Individual Status Letters

Occasionally, we will receive a request for written verification stating an individual has no California tax obligation and/or no filing requirement. These are commonly referred to as Individual Status Letters and may help a requester in the process of either obtaining a student loan or financing from the Department of Veterans Affairs. These letters can also show lenders and other interested third parties that the individual has met their California income tax obligations.

FTB 4148 **Individual Status Letter** is designed for this purpose and normally can only be requested after the original due date of the return for the tax year in question. However, for 2020 returns, requesters do not need to wait for the extended due date of May 17, 2021 to submit their request. FTB will process these requests after the original due date of April 15, 2021.

Individual Status Letters may be obtained by an individual, the parent of a minor child (birth certificate required), or by an authorized representative of the requester (a signed statement authorizing Franchise Tax Board to release information on their behalf is required).

Important note: Due to the current COVID-19 State of Emergency, requests can be submitted via email to FTBIndividualStatusLetter@ftb.ca.gov with the following information:

- Student's name and address
- Requester's telephone number and email address

When we receive an email at the above email address or ID, FTB staff will send a secure email in reply and provide the information needed to secure a letter. The requester will be asked to reply via the secure email and provide the necessary documents. Once FTB has the information needed, the Individual Status letter will be emailed to the requester/customer.

Depending on the specific circumstances, documents to be provided to us via secure email may include:

- FTB-ID or social security number (SSN)
- Tax year(s)
- Copies of the requester's photo identification and SSN card

If the request is made on behalf of someone else, you will also need to provide:

- A copy of a minor child's birth certificate if the requester is under age 18
- A signed statement authorizing the FTB to release information on their behalf if the individual is over age 18

FTB field offices now have an online option to schedule appointments

We are pleased to announce that FTB field offices now have a self-serve option for customers to schedule field office appointments through our website. Staff at each of our field office locations provide tax filing and payment assistance to taxpayers and their authorized representatives concerning Personal Income Tax (PIT), Business Entity (BE) Income Tax and Non Tax Debt. Due to COVID-19 social distancing requirements, the field offices now assist all customers by appointment only. You can schedule a field office appointment by visiting the Office Locations page, and following the instructions detailed in the ***How to Schedule an Appointment*** section.

Make sure your SMLLC clients file a Form 568 for the LLC

A single member limited liability company (SMLLC) is considered disregarded for federal income tax purposes. However, in California, SMLLCs are considered separate legal entities that are subject to:

- An LLC tax
- An LLC fee
- An LLC return filing requirement (Form 568)

Generally, a disregarded SMLLC must file a Form 568 by the same deadline applicable to the owner's tax return. California grants an automatic extension of time to file a return; however, an extension of time to file is not an extension of time to pay the LLC tax or fee.

Important note: Due to the current COVID-19 pandemic, The Franchise Tax Board, consistent with the Internal Revenue Service, has postponed the state tax filing and payment deadline for individual taxpayers to May 17, 2021. This postponement only applies to individual taxpayers and does not apply to SMLLCs. SMLLCs, owned by an individual, are required to file Form 568 on or before April 15.

You and your clients should be aware that a disregarded SMLLC is required to:

- File a tax return (Form 568)
- Pay the LLC annual tax
- Pay the LLC fee (if applicable)

Visit our Due dates for Businesses webpage for more information.

Top 500 Delinquent Taxpayer List

We updated our website with the current list of taxpayers owing the top 500 delinquencies of personal income tax or the top 500 delinquencies of business entity tax in excess of $100,000. These lists were published on our public website during the week of April 19th, 2021.

Ask the Advocate

Our commitment to helping taxpayers remains strong

Brenda Voet, EA.
Taxpayers' Rights Advocate.
Follow me on Twitter at
twitter.com/FTBAdvocate

Returning to the Advocate's team, I'm discovering that while some things have changed, our commitment to help taxpayers who have been unable to resolve their tax problems through normal channels, to protect your and your clients' rights, and ensure that FTB handles your and your clients' tax problems promptly and fairly remains as strong as ever.

As the first part of the 2020 tax season wraps up, I would like to remind you that, during this busy time, the hours for the Tax Practitioner Hotline, (916) 845-7057, are extended. Beginning May 5 through May 17, our customer service representatives will be available to answer your questions from 8 AM to 6 PM, excluding weekends. For shorter wait times, Chat with us via your MyFTB Account during these extended hours. Please be sure to check the Wait Times dashboard for real-time information to help you determine the days of the week and times when it's best to call or Chat.

I also want to let you know that we have already started planning for our annual CSEA and CalCPA Liaison meetings, as well as our Executive Officer's Advisory Board meeting. Like last year, due to ongoing safety concerns from the pandemic, we will again be holding all three of these meetings virtually. I look forward to these meetings, and future events and conferences as a way to meet you, learn how this filing season went, hear your concerns, and solicit your ideas for improvements to the services we provide.

Finally, if you are planning an upcoming event and would like someone from our team to make a presentation about tax related issues, email us at SpeakersBureau@ftb.ca.gov. In your email, please include: name, phone number, organization, date and location, request topics, number of attendees, materials/biography deadlines, and any special requirements.

I hope that the next few weeks of this filing season go well for you, and your well-deserved time off afterwards will be very relaxing.

MyFTB for Trusts Quick Survey

We'd like to hear from you again!

We are evaluating the possibility of making more information available for Trusts in MyFTB. Whether or not you specialize in this area, we would like your opinion.

We have developed a short survey (about two minutes) that we'd like you to participate in: MyFTB Trust Account Quick Survey. The survey will be available until May 28, 2021.

Or, if you prefer, you may also share your ideas about what should be included in MyFTB for Trusts, at MyFTBfeedback@ftb.ca.gov. We will be accepting ideas until May 28, 2021 as well.

Please note the following:

- The scope of our current effort is limited to Trust accounts; however, we may consider Estate accounts in the future.
- We are in the initial evaluation stage of this effort and do not have a timeframe for implementation.

Notice of Tax Return Change mailing delayed

This is the time of year when we usually remind you that our Notice of Tax Return Change - Revised Balance (FTB 5818-B) will start going out the last week of May. These notices correct an error(s) made on a 2020 tax return and may result in your clients contacting you. Under normal circumstances, we mail these notices after we process all incoming returns and payments.

The filing and payment due date for the 2020 tax year has been postponed this year to May 17, 2021 for personal income taxpayers. As a result, we will delay these notices accordingly. We anticipate these mailings to begin the first week of July.

Use our website and search, "*notices for information*" to learn more about this and other FTB notices. Additionally, if you are an authorized representative, you can view your client's notice in MyFTB:

- For your POA clients, use the Client Notices page from your Tax Professional account.
- For your TIA clients, go to your client's MyFTB account and select Notices & Correspondence from the Communications dropdown menu.

Annual POA Notice

In September 2021, FTB is launching the new FTB 3912 *Power of Attorney – Active Representatives on File* letter. This letter provides all taxpayers that have an active Power of Attorney (POA) with FTB a list of all active POA representative relationships on their account. This new letter is intended to keep taxpayers informed of their POA relationships and the level of access each representative has in MyFTB.

Note: The FTB 3912 should not be returned to us for the purposes of revoking a POA. If a revocation is necessary, either the taxpayer or representative must take one of the following actions:

- Log in to your online MyFTB account to view, edit, or revoke your POA Declaration(s).
- Call us at 1-800-852-5711 and reference the associated Declaration ID number.
- Send us a completed FTB 3520 RVK, *Power of Attorney Declaration Revocation*.

In addition to the FTB 3912 Power of Attorney – *Active Representatives on File*, FTB is also launching a new General Revocation notice series with the FTB 1143A *Representative Relationship Revoked* and the FTB 1143B *Representative Relationship Status - Revoked*.

Previously, when a relationship between a taxpayer and a representative was revoked, the only external communication provided was through MyFTB. This summer, FTB will send a letter to the taxpayer (FTB 1143A) and their primary representative (FTB 1143B) whenever a relationship between them is revoked. In addition to these letters, an email will also be sent to all representatives listed on an active POA declaration when it is revoked.

These letters were developed and will be implemented based on external stakeholder feedback and to communicate important changes in a taxpayer's POA relationship(s).

Event Calendar

As part of education and outreach to our tax professional community, we participate in many different presentations and fairs. We provide a calendar that shows the events we attend, as well as other events happening with us, such as interested party and board meetings.